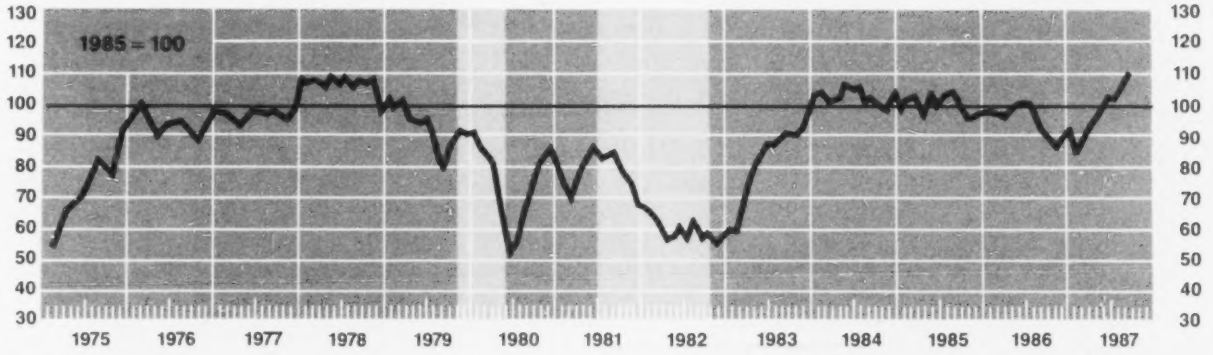
9/30/87 R4105-4A

# Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

## Consumer Confidence Index

September, 1987




### NEW GAINS IN CONSUMER CONFIDENCE PLANS TO BUY UNCHANGED

The Conference Board's Consumer Confidence Index (1985 = 100) chalked up a further gain in August. The current Index reading is 110.1, up more than 4 points for the month. Plans to buy are mixed.

Most of the improvement in the consumer's mood reflects a markedly more positive assessment of the current scene. More persons that last time now feel that business conditions are "good," fewer that they are "bad." A similar view is expressed about the employment situation. More people find that jobs are easier to find, fewer complain that they are "hard to get." Overall, people are more optimistic about prevailing conditions than in a long time.

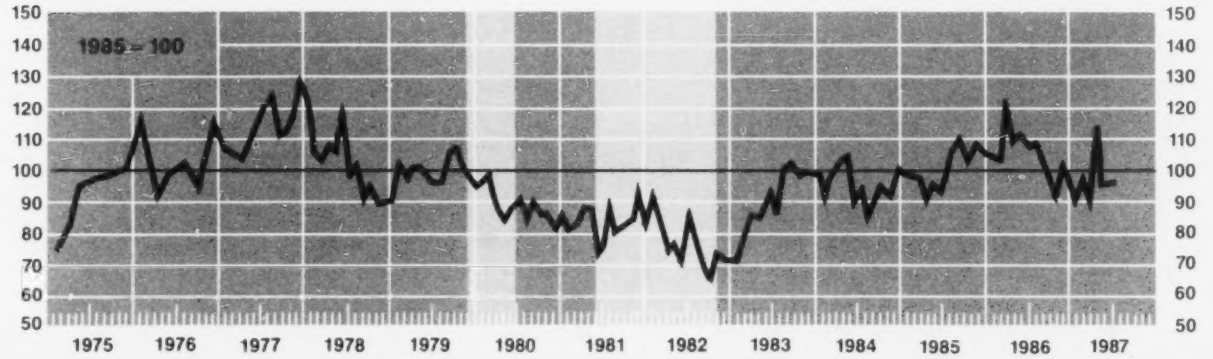
In looking ahead six months, consumers are moderately more optimistic than a month earlier. Some 21.5% believe that business conditions will improve, a gain of 2 points. Similarly, close to 20% expect "more jobs" will become available, up over 2 points. However, in assessing their own families' financial circumstances, there is little change. Some 26% of all survey participants expect their incomes to increase in the months ahead.

Plans to buy an automobile have dropped to 7.1% of all participants from a prior 7.7 percent. This series is highly volatile, responding to the industry's sales promotion campaigns. Plans to purchase a home are up for the second consecutive month. Some 4.0% have house purchase plans, compared with 3.6% a month earlier. More people are also disposed to purchase a major appliance in the months to come, 31.5% compared with 29.8% in the prior probe. There has also been a good gain in vacation plans.

The measure of consumer confidence has been improving almost uninterruptedly since the beginning of the year. Thus far this year, the Confidence Index is up by close to 30 percent. This rise in the consumer's spirits, particularly in recent months, parallels a generally more favorable business environment. The employment situation, which strongly affects the consumer's mood, has been particularly encouraging. There has been a good increase in new jobs, and a surprisingly sharp decline in unemployment. The average length of the work-week has also been inching up, generally a sign of increasing overtime and a strong labor market.

Fabian Linden

## Buying Plans Index




All data seasonally adjusted

## Consumer Expectations and Intentions

**Based on surveys conducted by NFO Research, Inc.**

Percentage of all households = 100%

| All series seasonally adjusted | 1986 Aug. | Sept. | Oct. | Nov. | Dec. | 1987 Jan. | Feb. | Mar. | Apr. | May | June | July(r) | Aug.(p) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Composite Series: Index Numbers, 1985 = 100** | | | | | | | | | | | | | |
| Consumer Confidence Index | 91.7 | 89.7 | 85.8 | 89.7 | 93.2 | 85.4 | 91.8 | 95.8 | 97.4 | 103.0 | 102.1 | 105.8 | 110.1 |
| Present Situation | 91.4 | 90.3 | 85.4 | 86.2 | 94.7 | 85.0 | 91.9 | 94.2 | 92.7 | 99.1 | 107.9 | 106.2 | 115.3 |
| Expectations | 92.0 | 89.4 | 86.1 | 92.0 | 92.2 | 85.6 | 91.8 | 96.8 | 100.5 | 105.6 | 98.2 | 105.6 | 106.7 |
| Buying Plans Index | 108.2 | 105.3 | 98.8 | 93.0 | 103.6 | 98.9 | 93.1 | 96.7 | 89.7 | 113.4 | 94.5 | 96.0 | 96.1 |
| **Appraisal of Present Situation: Percent** | | | | | | | | | | | | | |
| Business Conditions | | | | | | | | | | | | | |
| Good | 23.9 | 24.9 | 23.9 | 23.8 | 24.7 | 20.9 | 24.8 | 24.0 | 23.3 | 25.2 | 28.9 | 26.1 | 28.7 |
| Bad | 24.8 | 26.9 | 26.9 | 27.0 | 25.1 | 28.1 | 26.1 | 26.4 | 24.7 | 24.6 | 22.7 | 22.9 | 20.3 |
| Normal | 51.3 | 48.2 | 49.2 | 49.2 | 50.2 | 51.0 | 49.1 | 49.6 | 52.0 | 50.2 | 48.4 | 51.0 | 51.0 |
| Employment | | | | | | | | | | | | | |
| Jobs plentiful | 19.8 | 19.8 | 18.4 | 18.7 | 20.9 | 19.6 | 20.8 | 21.9 | 20.5 | 21.9 | 25.1 | 24.6 | 26.8 |
| Jobs not so plentiful | 46.8 | 46.3 | 45.8 | 46.2 | 46.8 | 46.2 | 45.1 | 45.6 | 46.7 | 47.9 | 44.3 | 46.1 | 45.2 |
| Jobs hard to get | 33.4 | 33.9 | 35.8 | 35.1 | 32.3 | 34.2 | 34.1 | 32.5 | 32.8 | 30.2 | 30.6 | 29.3 | 28.0 |
| **Expectations for Six Months Hence: Percent** | | | | | | | | | | | | | |
| Business Conditions | | | | | | | | | | | | | |
| Better | 19.5 | 19.1 | 18.5 | 19.0 | 18.3 | 16.0 | 19.0 | 18.2 | 18.8 | 20.8 | 18.5 | 19.6 | 21.5 |
| Worse | 10.8 | 11.2 | 13.2 | 10.2 | 10.7 | 11.1 | 10.2 | 9.1 | 7.3 | 7.8 | 9.3 | 7.4 | 7.3 |
| Same | 69.7 | 69.7 | 68.3 | 70.8 | 71.0 | 72.9 | 70.8 | 72.7 | 73.9 | 71.4 | 72.2 | 73.0 | 71.2 |
| Employment | | | | | | | | | | | | | |
| More jobs | 15.6 | 15.6 | 14.3 | 15.4 | 14.8 | 12.6 | 14.7 | 14.9 | 16.5 | 17.7 | 16.1 | 17.5 | 19.9 |
| Fewer jobs | 19.7 | 20.9 | 21.5 | 19.6 | 18.4 | 19.0 | 19.7 | 15.6 | 15.6 | 14.1 | 16.0 | 14.6 | 15.4 |
| Same | 64.7 | 63.5 | 64.2 | 65.0 | 66.8 | 68.4 | 65.6 | 69.5 | 67.9 | 68.2 | 67.9 | 67.9 | 64.7 |
| Income | | | | | | | | | | | | | |
| Increase | 25.7 | 24.3 | 24.1 | 24.0 | 25.6 | 21.1 | 24.6 | 24.5 | 23.3 | 24.1 | 23.7 | 26.1 | 26.0 |
| Decrease | 9.3 | 9.8 | 8.9 | 8.8 | 8.6 | 8.4 | 8.3 | 8.1 | 8.3 | 6.6 | 7.4 | 6.6 | 7.6 |
| Same | 65.0 | 65.9 | 67.0 | 67.2 | 65.8 | 70.5 | 67.1 | 67.4 | 68.4 | 69.3 | 68.9 | 67.3 | 66.4 |
| **Plans to Buy Within Six Months: Percent** | | | | | | | | | | | | | |
| Automobile | | | | | | | | | | | | | |
| Yes | 8.9 | 8.6 | 7.8 | 7.6 | 7.9 | 7.4 | 7.8 | 7.5 | 7.2 | 9.0 | 7.0 | 7.7 | 7.1 |
| New | 5.1 | 4.8 | 4.4 | 3.8 | 4.6 | 3.4 | 4.0 | 4.0 | 4.3 | 4.2 | 3.3 | 4.8 | 3.8 |
| Used | 2.8 | 2.5 | 2.3 | 2.7 | 2.6 | 2.6 | 2.9 | 2.8 | 2.2 | 3.6 | 3.1 | 2.1 | 2.8 |
| Uncertain | 1.0 | 1.3 | 1.1 | 1.1 | 0.7 | 1.4 | 0.9 | 0.7 | 0.7 | 1.2 | 0.6 | 0.8 | 0.5 |
| Home | | | | | | | | | | | | | |
| Yes | 4.1 | 4.4 | 4.0 | 3.1 | 4.3 | 4.4 | 3.1 | 4.1 | 3.2 | 4.1 | 3.3 | 3.6 | 4.0 |
| New | 1.3 | 1.2 | 1.1 | 1.1 | 1.1 | 1.5 | 1.1 | 1.4 | 0.7 | 1.3 | 0.9 | 0.8 | 1.4 |
| Lived in | 1.9 | 2.1 | 1.7 | 1.6 | 2.1 | 1.9 | 1.3 | 2.0 | 1.7 | 1.8 | 1.5 | 2.1 | 1.8 |
| Uncertain | 0.9 | 1.1 | 1.2 | 0.4 | 1.1 | 1.0 | 0.7 | 0.7 | 0.8 | 1.0 | 0.9 | 0.7 | 0.8 |
| Major appliances | | | | | | | | | | | | | |
| Total plans | 32.2 | 28.4 | 28.3 | 28.7 | 30.8 | 28.5 | 29.1 | 29.1 | 27.4 | 36.3 | 29.4 | 29.8 | 31.5 |
| Refrigerator | 5.0 | 4.2 | 4.9 | 4.8 | 4.4 | 5.3 | 5.2 | 4.6 | 4.0 | 5.6 | 4.7 | 4.6 | 4.6 |
| Washing machine | 4.7 | 4.2 | 4.3 | 4.3 | 4.4 | 4.2 | 3.8 | 4.3 | 3.6 | 4.8 | 3.9 | 4.4 | 4.4 |
| TV Set | 7.4 | 7.2 | 6.7 | 6.9 | 7.8 | 6.8 | 7.7 | 7.1 | 6.5 | 9.2 | 7.4 | 7.8 | 7.2 |
| Vacuum Cleaner | 5.5 | 4.8 | 4.6 | 4.8 | 5.6 | 4.3 | 4.8 | 5.5 | 5.2 | 6.4 | 4.6 | 4.8 | 5.0 |
| Range | 3.2 | 3.0 | 3.0 | 3.2 | 3.2 | 3.0 | 2.8 | 2.5 | 3.3 | 3.9 | 2.9 | 3.2 | 3.5 |
| Clothes dryer | 3.6 | 3.4 | 3.2 | 3.4 | 3.7 | 3.3 | 3.3 | 3.7 | 3.0 | 4.1 | 3.8 | 3.2 | 3.8 |
| Air conditioner | 2.8 | 1.6 | 1.6 | 1.3 | 1.7 | 1.6 | 1.5 | 1.4 | 1.8 | 2.3 | 2.1 | 1.8 | 3.0 |
| Carpet | 7.4 | 7.2 | 7.4 | 6.9 | 7.7 | 7.7 | 7.0 | 8.2 | 6.0 | 10.0 | 7.3 | 7.0 | 6.1 |
| **Vacation Intended Within Six Months: Percent** | | | | | | | | | | | | | |
| Vacation Intended | 50.3 | | 48.4 | | 49.5 | | 50.9 | | 49.4 | | 49.7 | | 51.9 |
| Destination | | | | | | | | | | | | | |
| Home state | 11.1 | | 9.2 | | 10.1 | | 11.5 | | 10.2 | | 9.7 | | 10.2 |
| Other state | 35.4 | | 34.4 | | 34.0 | | 35.2 | | 34.2 | | 35.7 | | 36.9 |
| Foreign country | 6.0 | | 6.3 | | 6.6 | | 5.9 | | 6.8 | | 6.6 | | 6.7 |
| Means of travel | | | | | | | | | | | | | |
| Automobile | 31.4 | | 28.8 | | 30.3 | | 33.2 | | 29.8 | | 30.7 | | 30.8 |
| Airplane | 19.4 | | 18.0 | | 18.9 | | 18.4 | | 19.5 | | 20.9 | | 20.9 |
| Other | 3.8 | | 4.0 | | 3.7 | | 4.3 | | 4.6 | | 3.7 | | 4.5 |

(p)—preliminary (r)—revised

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